

Project Structure -- Using GAO Guidelines

In developing its BCCP, the OSFA is following guidelines established by the General Accounting Office in its publication entitled *Year 2000 Computing Crisis: Business Continuity and Contingency Planning*.¹ This guide provides a logical and structured approach for developing and implementing plans continuing for business operations in the event of Y2K system failures. Business continuity in a Y2K crisis entails using different means of performing core business functions in a Y2K emergency. Such “contingency plans” may utilize manual or partially automated procedures. Planning for business continuity may also utilize “risk mitigation” strategies such as doing things earlier than normal or reverting to emergency (slower than normal) performance levels.

The GAO guide, recommended for use by all federal agencies, divides the planning process into four phases:

- Initiation,
- Business Impact Analysis,
- Contingency Planning, and
- Testing.

Initiation

The objectives for this phase were to organize a project team, create a high-level project plan, raise awareness of the importance of the project at all levels of the organization, and secure commitments from senior management for the resources necessary to get the job done.

The Initiation Phase was completed in September 1998. In this phase, the OSFA:

(1) Established a Y2K Contingency Planning Core Team.

The Core Team is headed by the Year 2000 Student Aid Contingency Planning Director and includes four other ED professionals with broad knowledge of student financial aid programs. For the duration of the project, the Core Team’s only responsibilities will be related to Y2K contingency planning.

(2) Identified Eight Core Business Processes.

A core business process is a related set of activities directed toward a single goal that is fundamental to the mission of the organization. A core process may or may not be managed by a single division of the organization. In fact, most of the core processes identified for this project cross divisional lines. OSFA officials identified eight core business processes and their goals as follows:

¹ General Accounting Office: Accounting and Information Management Division; August 1998.

- **Student Aid Application and Eligibility Determination**

Business Process Goals:

The goal of the process is to enable students to apply for federal and other types of financial aid. The goal is also to determine eligibility and calculate the expected family contribution (EFC), report the results to the applicant, schools, and others. These goals need to be accomplished in a timely manner to ensure student access and choice to postsecondary education.

- **Student Aid Origination and Disbursement**

Business Process Goals:

The goal of this process is to perform all of the activities necessary to support aid origination and to provide, in a timely manner, title IV program funds to students, their parents, and eligible borrowers that qualify for those funds to help pay for their educational expenses.

- **Student Enrollment Tracking and Reporting**

Business Process Goals:

The goal of this process is to help ensure that loans enter repayment on time, that interest benefits on subsidized loans are paid correctly, and that lenders and servicers have the information they need to process deferments.

- **Guarantor and Lender Payments**

Business Process Goals:

The goal of this process is to make accurate and timely payments to guarantors and lenders as required by law. ED must also obtain and maintain appropriate data and records in support of these payments.

- **Repayment and Collection**

Business Process Goals:

The goal of this business process is to facilitate on-time student loan repayment, minimize the incidence of default, and facilitate the collection of defaulted student loans and other obligations (e.g. overpayments of grant aid).

- **Institutional Eligibility and Monitoring**

Business Process Goals:

The goal of this process is to ensure that participating schools have the authority to operate in the state, are accredited, and administer the programs properly. ED monitors the conduct of schools participating in the program by

reviewing application data, audited financial statements, compliance audits, and by conducting program reviews.

- **Customer Service and Communication**

Business Process Goals:

The goal of this process is for OSFA customers and partners to receive timely and adequate information to enable them to participate in the application and disbursement processes for federal student aid. In addition, participating schools must have access to ED's electronic systems for sharing application data and payment information.

- **FFELP Origination, Disbursement, Repayment, and Collection**

Business Process Goals:

The goal of this process is to ensure that student and parent borrowers have continued access to Federal Family Education Loan Program (FFELP) loans. ED is also interested in ensuring that FFELP loan servicing, including the ability of borrowers to make payments as scheduled, is not interrupted. In order to protect taxpayer and borrower interests, it is also critical that guarantor functions, including maintenance of borrower records and collection efforts on defaulted borrower accounts, are not interrupted.

(3) Identified Project Teams; Named Team Leaders for All Core Business Processes; and Defined Roles and Responsibilities.

OSFA officials assembled teams of experienced ED staff to examine each core process. The teams include members not only from the functional areas that manage each core process, but also from policy, financial, systems, and legal support areas (OSFA Policy, the Office of the General Counsel, the Office of the Inspector General, and the Office of the Chief Financial Officer / Chief Information Officer). All teams are chaired by Team Leaders who are senior managers within the OSFA. They have ultimate responsibility for developing the teams' contingency plans

(4) Hired a Management Consultant Contractor.

ED engaged KPMG to facilitate and document team meetings and provide substantive analysis and management advice on matters relating to student aid contingency planning. ED will soon hire another contractor to evaluate testing plans, assist ED in determining whether the plans can be implemented successfully, and updating the plans as needed.

(5) Developed a High-Level Project Plan.

OSFA developed a project plan that identified responsibilities of the team leaders and their teams, as well as target dates for meetings, presentations, deliverables, and milestones for the completion of project phases.

(6) Assessed Existing Business Continuity, Contingency, and Disaster Recovery Plans.

We reviewed existing plans and incorporated where applicable. However, all systems' disaster recovery plans will be new or revised prior to January 1, 2000, as each system migrates to CSC. As these disaster recovery plans are finalized, OSFA will review them for applicability to the contingency plans.

Business Impact Analysis

The primary objectives of this phase were to analyze current business processes and data system dependencies, to identify potential sources of system failures, and to assess the impact of such failures.

Assumptions were identified as a part of this phase. Per instructions from the Office and Management and Budget (OMB M-99-16 BCCP for Y2K), OSFA assumed that electric power, natural gas, water service, waste treatment, financial services, transportation, public voice and data communications, the Internet, mail service, and the mass media will be available domestically. Other assumptions are noted in individual plans.

The Business Impact Analysis phase ran from early October through December 1998. In this phase, OSFA teams:

(1) Defined Current Processes and Dependencies.

Each project team compiled information on current processes and sub-processes to document process workflows, staffing levels, system dependencies, and performance statistics. They also defined, for each core process and critical sub-process, current or "normal" standards of performance and minimum levels of service, also known as "emergency performance levels" which would be acceptable in a Y2K emergency.

(2) Identified Potential Failure Scenarios.

Each team described possible sources of system failure that would affect their core process and critical sub-processes, and, for each potential failure, the earliest date it could occur.

(3) Analyzed the Risks and Impacts of Potential System Failure.

Each team further analyzed its core processes and sub-processes to describe in detail the business results of system failures and their impacts on current levels of service. The project teams established a Priority Rating for each failure risk. The Priority

Rating has two components. The business impact of each risk is an assessment of how each risk event or condition would degrade current service levels. The risk rating is an assessment of the probability of the risk occurring. ED used the risk ratings provided by the Office of the Inspector General (OIG). The component ratings were combined to produce a Priority Rating of high, medium, or low. The Priority Rating will be used for allocating resources for the development, testing, and implementation of contingency plans.

(4) Developed Contingency Planning Matrices.

Each project team developed a matrix that records, for each risk in each sub-process, the:

- failure source,
- threat/failure scenario,
- impact/end result,
- earliest failure date,
- business priority rating,
- high level risk mitigation options, and
- high-level contingency options.

The matrix enables the project teams and Core Team to better grasp the interrelation of processes and their risks and the opportunities for common solutions to multiple risks.

Contingency Planning

The objectives for this phase were to define and document mitigation and contingency options, identify necessary regulatory and legislative waivers, estimate the cost of each options, and establish a business resumption team for each core process.

OSFA divided this phase into two sub-phases. High-Level Contingency Planning occurred in December 1998 and January 1999. Detailed Contingency Planning will begin February 1999 and may extend into fall as plans may need to be updated as a result of testing and consultation with the student financial aid community.

In the first sub-phase – High-Level Contingency Planning – OSFA teams:

(1) Identified Risk Mitigation and Contingency Options.

There is a distinction between mitigation and contingency options. A mitigation option is a pre-emptive action that is intended to eliminate, reduce, or delay a risk. A contingency option is a reaction to a failure that has occurred and is designed to eliminate or reduce its impact. In this sub-phase, the project teams developed possible high level mitigation and contingency options.

(2) Developed High-Level Contingency Plans.

The teams documented their proposed solutions in their Contingency Planning Matrices and drafted high-level narratives of proposed actions.

(3) Conducted Focus Groups and Outreach Efforts.

The OSFA held focus groups and published a preliminary report on the ED Web site in order to obtain comments and advice from business partners and the public concerning the business process analysis and the preliminary risk mitigation and contingency options that were identified.

In the second sub-phase – Detailed Contingency Planning – OSFA teams:

(4) Developed Detailed Contingency Plans.

Following the focus groups and web solicitation of comments, OSFA teams developed detailed contingency plans. A cost benefit and feasibility analysis was performed and used in selecting the best risk mitigation or contingency plan options. This document describes:

- Detailed mitigating and contingency options including regulatory and legislative waivers,
- Specific implementation tasks,
- Staffing requirements (including skills assessments),
- Resumption team members responsibilities,
- Zero-day strategy
- Triggering events,
- Notification procedures, and
- Test plans for mitigation and contingency plans.

(5) Identified “Business Process Owners” and Business Resumption Teams.

OSFA teams identified “Business process owners.” The owners will be responsible for implementing risk mitigation and contingency plans. Also, the teams identified “business process resumption teams” (composed of “process owners”, contingency planning teams, and data system personnel). Close coordination among these individuals will be essential.

(6) Continued Conducting Focus Groups and Outreach Efforts.

OSFA held additional focus groups and conducted presentations at professional association conferences. OSFA published a second preliminary report on the ED Web site in order to obtain comments and advice from business partners and the public concerning the business process analysis and the preliminary risk mitigation and contingency plan options that were identified.

Testing

Under this phase, OSFA will validate contingency plans through testing and additional communication with student aid community partners.

This testing phase is scheduled to begin mid-June, as detailed in each plan. Although most testing will be completed by September 30, 1999, some testing may continue after that date to enable OSFA to revise the plans and/or consult with our partners.

In the *Testing* phase, OSFA will:

- Prepare for and execute test plans,

Each business process resumption team will test the plans developed in the Detailed Contingency Planning sub-phase. In cases where a full-scale test may be too costly, the team may consider end-to-end testing of key plan components.

- Revise contingency plans on the basis of testing and consultation with community partners, and
 - Monitor, review, and report test results.
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